

**SPECIAL HANDLING**

Fes No. 1

25 September 1963

STATEMENT OF WORK  
FIELD ENGINEERING SERVICES  
ON  
FOUR (4) "A" FOLLOW-ON NUMBER 2  
SATELLITE MAPPING CAMERA SUBSYSTEMS  
(P/N 1015W1)  
S/N 21, 22, 23 and 24

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## 1.0 SCOPE

This Statement of Work defines the tasks to be performed by [REDACTED] in providing field engineering services on four (4) "A" Follow-On Number 2 camera subsystems (P/N 1015W1). The field engineering services shall consist of performance of field checkout tests, assistance on systems integration, and final evaluation of the subsystem.

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## 2.0 FIELD ENGINEERING SERVICES

### 2.1 General

Furnish necessary field engineering services to support the camera subsystems at A/P and VAFB.

- 2.1.1 Prepare the camera subsystem for flight and assist in systems integration in support of A/P, which has primary responsibility for systems integration.
- 2.1.2 In conjunction with A/P, recommend facilities requirements for support of all operational phases relative to the photographic system.
- 2.1.3 Coordinate with A/P to meet all test and flight schedules and be responsible for scheduling FSDS work load, in order to assure meeting the system schedule.
- 2.1.4 Provide quality assurance in all functional tests of the camera subsystems.
- 2.1.5 Perform all work pursuant to A/P and SE procedures governing cleanliness, safety and security.
- 2.1.6 Certify to SE the following:
  - 2.1.6.1 Readiness of the photographic system for transfer to the flight facility.

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2.1.6.2 Readiness of the photographic system for flight.

## 2.2 Test Activity and Related Responsibilities

2.2.1 In conjunction with A/P and SE, establish test and checkout procedures covering all phases of camera subsystem operation. This is to include the following:

2.2.1.1 Procedures for preparation of camera for system test.

2.2.1.2 Procedures for all photo optical testing.

2.2.1.3 Procedures for preparation of camera for flight.

2.2.2 Conduct all functional tests on the camera subsystem.

2.2.3 Perform functional receiving and inspection tests at A/P facility under the cognizance of A/P Quality Assurance.

2.2.4 Perform pre-HATS Resolution Test. (camera subsystem only)

2.2.5 Participate in compatibility test (complete system) as required.

2.2.6 Participate with A/P in system HATS test analysis.

2.2.7 Perform post HATS resolution test. (camera subsystem only)

2.2.8 Participate with A/P in obtaining stellar calibration photography intended for determination of space angle between terrain and stellar axes, distortion and focal length photographic data for terrain and stellar lens systems.

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- 2.2.9 Assist in performing flight preparation tests (VAFB)
- 2.2.10 Assist A/P in evaluating functional test data and photography as they apply to the operation of the camera subsystem; verification will be accomplished by SE. Film processing, storage and retrieval of film exhibits shall be accomplished by A/P.
- 2.2.11 Participate and coordinate in the preparation of all functional and photo optical test reports. Maintain complete test records and documentation.
- 2.2.12 Provide recommendations and written justification to SE when further testing is necessary beyond established procedure to assure flight readiness of the equipment.

### 2.3 Equipment Maintenance and Related Responsibilities

- 2.3.1 Make all changes and modifications to equipment, as authorized by FSDS Project Office, after coordination and approval by SE and by the Program Office when required.
- 2.3.2 Maintain accurate record of engineering changes.
- 2.3.3 Recommend additional spares requirements for review by A/P and approval by SE. A/P shall furnish once a month, an inventory of all FSDS spare parts stored at the A/P facility.
- 2.3.4 Participate with A/P in monitoring workmanship and cleanliness consistent with present Quality Control and cleanroom procedures.

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## 2.4 Technical Assistance

- 2.4.1 Provide local technical assistance in the installation and operation of required test equipment and ground support equipment at various sites as requested by A/P and/or SE.
- 2.4.2 Provide local technical assistance in subsystems and systems checkouts at various test facilities as requested by A/P and/or SE.
- 2.4.3 Provide local technical assistance in the evaluation of test results and integration of the camera subsystem into the complete system.

## 3.0 REPORTS AND DOCUMENTATION

### 3.1 Pre-launch Countdown

In conjunction with A/P, FSDS shall prepare a pre-launch countdown which will specify all the functions for loading of film, adjustment of the camera, pre-flight check, pad temperature and humidity control, and similar functions. The timing and elapsed time between various operations will be indicated.

### 3.2 Post-flight Engineering Analysis Report

Ten (10) copies shall be forwarded to SE upon completion of each analysis. A/P will furnish FSDS Contractor with copies of all pertinent telemetering reduced data obtained during flight for engineering analysis by the Contractor of camera subsystem performance.

### 3.3 Test Reports

Prepare and submit to SE, detailed records of all tests performed by the Field Engineering Group as specified in paragraph 2.2. Test reports are to be submitted to SE not later than 5 days after test is completed.

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4.0 TRAINING

FSDS will conduct, prior to first instrument delivery, at A/P facility, a program to indoctrinate A/P personnel in the functional operation and checkout procedure of the camera subsystem. It is anticipated that the operations personnel will be familiar with the "A" subsystem and will require only limited information.

5.0 SCHEDULE

Field engineering services shall be furnished as required for the period of performance of this Contract.

## COST REIMBURSEMENT

## GENERAL TERMS AND CONDITIONS

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ARTICLE 1 - DEFINITIONS

Unless the context otherwise requires, as used herein, the following terms shall have the meanings set forth below:

- (a) The term "Government" means United States of America.
- (b) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department, and the head or any assistant head of the Federal Agency having cognizance of the prime contract with the Government under which this purchase order is issued; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary.
- (c) The term "Contracting Officer" means the person who has executed the prime contract on behalf of the Government, and any other officer or civilian employee who is a properly designated Contracting Officer; and the term includes, except as otherwise provided in this purchase order, the authorized representative of the Contracting Officer acting within the limits of his authority.
- (d) The term "prime contract" means the contract with the Government under which this purchase order has been issued.
- (e) The term "Department" means the Department or Agency of the Government having cognizance of the prime contract. 25X1A
- (f) The term "Purchaser" means [REDACTED] 25X1A [REDACTED]
- (g) The term "Vendor" includes the term "Subcontractor" and means the individual, firm, or corporation to whom this purchase order is addressed and who is to furnish to Purchaser the supplies and/or services procured under this purchase order.
- (h) The term "subcontracts" includes purchase orders and orders.
- (i) The term "the Schedule", wherever appearing herein, shall be deemed to mean the Special Provisions appearing in the contractual instrument in which the terms of these General Provisions are incorporated.

ARTICLE 1 - DEFINITIONS (continued)

- (j) The term "subcontract work" means all work to be performed under this subcontract, including any studies covering fundamental, theoretical, or experimental investigations; any extension of the investigative findings and theories of a scientific or technical nature into practical application; any tangible items, hereinafter referred to as "supplies" furnished to the Purchaser; and any reports, data computations, plans, drawings, and specifications with respect to any of the foregoing.
- (k) The term "sub-subcontractor" means any person, firm, or corporation with whom the Subcontractor contracts for the furnishing of any or all of the products or services described in this subcontract.
- (l) The term "sub-subcontract" means any contract between the Subcontractor and a sub-subcontractor.

ARTICLE 2 - CHANGES

Purchaser may at any time, within the general scope of this subcontract, by a written order, make changes in the drawings and specifications, the place of delivery, the performance and delivery schedule, the method of shipment or packing, and the amount of Purchaser or Government-furnished property; issue additional instructions; require modified or additional work; or direct the omission of work. If any such change causes an increase or decrease in the estimated cost of, or the time required for the performance of any part of the work under this subcontract, whether changed or not changed by any such order, or otherwise affects any other provision of this subcontract, an equitable adjustment shall be made (i) in the estimated cost or performance and delivery schedule, or both, (ii) in the amount of any fixed fee to be paid to the Subcontractor, and (iii) in such other provisions of the subcontract as may be so affected, and the subcontract shall be modified in writing accordingly. Any claim by the Subcontractor for adjustment under this Article must be asserted within thirty (30) days from the date of receipt by the Subcontractor of the notification of change; provided, however, that Purchaser, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this subcontract.

ARTICLE 3 - LIMITATION OF COST AND SUM ALLOTTED

(a) It is understood that the total estimated cost to Purchaser, exclusive of any fixed fee, for the performance of this subcontract will not exceed the estimated cost set forth in the Schedule, and the Subcontractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this subcontract within such estimated cost. If at any time the Subcontractor has reason to believe that the costs which it expects to incur in the performance of this subcontract in the next succeeding sixty (60) days, when added to all costs previously incurred, will exceed seventy-five percent (75%) of the estimated cost then set forth in the Schedule, or if at any time the Subcontractor has reason to believe that the total cost to Purchaser, exclusive of any fixed fee, for the performance of this subcontract will be substantially greater or less than the then estimated cost thereof, the Subcontractor shall notify Purchaser in writing to that effect, giving its revised estimate of such total cost of the performance of this subcontract.

(b) Purchaser shall not be obligated to reimburse the Subcontractor for costs incurred in excess of the estimated cost set forth in the Schedule, and the Subcontractor shall not be obligated to continue performance under the Subcontract or to incur costs in excess of the estimated cost set forth in the Schedule, unless and until Purchaser shall have notified the Subcontractor in writing that such estimated cost has been increased and shall have specified in such notice a revised estimated cost which shall thereupon constitute the estimated cost of performance of this subcontract. No such unilateral increase in the estimated cost shall, in and of itself, entitle the Subcontractor to any increase in the fixed fee to be paid to the Subcontractor. When and to the extent that the estimated cost set forth in the Schedule has been increased, any costs incurred by the Subcontractor in excess of such estimated cost prior to the increase in estimated cost shall be allowable to the same extent as if such costs had been incurred after such increase in estimated cost.

ARTICLE 4 - ALLOWABLE COST, FEE AND PAYMENT

Articles 4A and 4B are alternates. Article 4A applies in the event that this subcontract is issued on a cost-plus-a-fixed-fee basis, and Article 4B applies in the event that this subcontract is issued on a cost-plus-incentive-fee basis.

ARTICLE 4A - ALLOWABLE COST, FIXED FEE AND PAYMENT

(a) For the performance of this subcontract, Purchaser shall pay to Vendor:

(i) The cost thereof, both direct and indirect, (hereinafter referred to as "allowable cost") determined to be allowable in accordance with -

(A) Part 2 of Section XV of the Armed Services Procurement Regulation (ASPR) as in effect on the date of this subcontract and which cost shall be that which is concurrently and customarily approved by Vendor's cognizant Government Audit Agency and accepted by cognizant Contracting Officer(s) as costs of Vendor in performing other Government cost type contracts and subcontracts calling for supplies and/or services similar to those herein; and

(B) the terms of this subcontract; and

(ii) such fixed fee, if any, as may be provided for in this subcontract.

(b) Once each month (or at more frequent intervals, if approved by Purchaser) Vendor may submit to Purchaser in such form and reasonable detail as Purchaser may require, an invoice supported by a statement of cost incurred by Vendor in the performance of this subcontract and claimed to constitute allowable cost. The statement of cost shall be (1) certified by an authorized responsible official of Vendor and if appropriate, (2) approved by Vendor's cognizant Government Audit Agency.

(c) (1) As promptly as may be practicable after the receipt of each invoice and statement of cost Purchaser shall, except as otherwise provided in this subcontract, and subject to the provisions of paragraph (d) below, make provisional payment thereon as approved by Purchaser.



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ARTICLE 4A - ALLOWABLE COST, FIXED FEE AND PAYMENT (continued)

(d) At any time or times prior to final payment under this subcontract, Purchaser or the Contracting Officer may have the invoices and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related invoices which are found by Purchaser or the Contracting Officer, on the basis of such audit, not to constitute allowable cost. Any payment may be reduced for overpayments, or increased for under payments, on preceding invoices. Vendor shall accept as final the findings of the Contracting Officer with respect to all allowable cost.

(e) On receipt and approval of the invoice designated by Vendor as the "completion invoice", and upon compliance by Vendor with all the provisions of this subcontract (including, without limitation, the provisions relating to patents and the provisions of paragraph (f) below), Purchaser shall promptly pay to Vendor any balance of allowable cost, and any part of the fixed fee, which has been withheld pursuant to paragraph (c) above, or otherwise not paid to Vendor. The completion invoice shall be submitted by Vendor promptly following completion of the work under this subcontract, but in no event later than six (6) months (or such longer period as Purchaser may in its discretion approve in writing) from the date of such completion.

(f) Vendor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by Vendor or any assignee under this subcontract shall be paid by Vendor to Purchaser, to the extent that they are properly allocable to costs for which Vendor has been reimbursed by Purchaser under this subcontract. Reasonable expenses incurred by Vendor for the purpose of securing such refunds, rebates, credits, or other amounts shall be allowable cost hereunder when approved by Purchaser. Prior to final payment under this subcontract, Vendor, and each assignee under this subcontract whose assignment is in effect at the time of final payment under this subcontract, shall execute and deliver:

- (i) an assignment to Purchaser, in form and substance satisfactory to Purchaser, (Exhibit D), of refunds, rebates, credits, or other amounts (including any interest thereon) properly allocable to costs for which Vendor has been reimbursed by Purchaser under this subcontract; and

ARTICLE 4A - ALLOWABLE COST, FIXED FEE AND PAYMENT (continued)

(ii) a release (Exhibit C) discharging Purchaser, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this subcontract subject only to the following exceptions -

- (A) specified claims in stated amounts or in estimated amounts where the amounts are not susceptible to exact statement by Vendors;
- (B) claims, together with reasonable expenses incidental thereto, based upon liabilities of Vendor to third parties arising out of the performance of this subcontract; provided, that such claims are not known to Vendor on the date of the execution of the release; and provided further, that Vendor gives notice of such claims in writing to Purchaser not more than five (5) years after the date of the release or the date of any notice to Vendor that Purchaser is prepared to make final payment, whichever is earlier; and
- (C) claims for reimbursement of costs (other than expenses of Vendor by reason of its indemnification of Purchaser against patent liability), including reasonable expenses incidental thereto, incurred by Vendor under the provisions of this subcontract relating to patents.

(c) Any cost incurred by Vendor under the terms of this subcontract which would constitute allowable cost under the provisions of this Article shall be included in determining the amount payable under this subcontract, notwithstanding any provisions contained in the specifications, or other documents incorporated in this subcontract by reference, designating services to be performed, or materials to be furnished by Vendor, at its expense or without cost to Purchaser.



ARTICLE 4B - ALLOWABLE COST, INCENTIVE FEE AND PAYMENT

- (L) (1) For the performance of this subcontract, Purchaser shall pay to Vendor:
  - (i) The cost thereof, both direct and indirect, (hereinafter referred to as "allowable cost") determined to be allowable in accordance with -
    - (A) Part 2 of Section XV of the Armed Services Procurement Regulation (ASPR) as in effect on the date of this subcontract, and which cost shall be that which is concurrently and customarily approved by Vendor's cognizant Government Audit Agency and accepted by cognizant Contracting Officer(s) as cost of Vendor in performing other Government cost type contracts and subcontracts calling for supplies and/or services similar to those herein; and
    - (B) the terms of this subcontract; and
  - (ii) a fee determined as provided in this subcontract.
- (2) The target cost and target fee of this subcontract are set forth in the Schedule and shall be subject to adjustment in accordance with paragraphs (h) and (i) below.

As used throughout this subcontract, the term:

- (i) "target cost" means the estimated cost of this subcontract initially negotiated, adjusted in accordance with paragraph (h) below; and
  - (ii) "target fee" means the fee which was initially negotiated on the assumption that this subcontract would be performed for a cost equal to the estimated cost of this subcontract initially negotiated, adjusted in accordance with paragraph (h) below.
- (b) Once each month (or at more frequent intervals, if approved by Purchaser) Vendor may submit to Purchaser, in such form and reasonable detail as Purchaser may require, an invoice supported by a statement of cost incurred by Vendor in the performance of this subcontract and claimed to constitute allowable cost. The statement of cost shall be (1) certified by an authorized responsible official of Vendor, and if appropriate (2) approved by Vendor's cognizant Government Audit Agency.
  - (c) (1) As promptly as may be practicable after the receipt of such invoice and statement of cost, Purchaser shall, except as otherwise provided in this subcontract, and subject to the provisions of paragraph (d) below, make provisional payment thereon as approved by Purchaser.

ARTICLE 4B. - ALLOWABLE COST, INCENTIVE FEE AND PAYMENT (continued)

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(C) At any time or times prior to final payment under this subcontract, Purchaser or the Contracting Officer may have the invoices and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related invoice which are found by Purchaser or the Contracting Officer, on the basis of such audit, not to constitute allowable cost. Any payment may be reduced for overpayments, or increased for underpayments, on preceding invoices. Vendor shall accept as final the findings of the Contracting Officer with respect to all allowable cost, subject to the Article of this subcontract entitled "Disputes".

(c) On receipt and approval of the invoice designated by Vendor as the "completion invoice", and upon compliance by Vendor with all the provisions of this subcontract (including, without limitation, the provisions relating to patents and the provisions of paragraph (f) below), Purchaser shall promptly pay to Vendor any balance of allowable cost, and any part of the fee, which has been withheld pursuant to (c) above or otherwise not paid to Vendor. The completion invoice shall be submitted by Vendor promptly following completion of the work under this subcontract but in no event later than six (6) months (or such longer period as Purchaser in its discretion approves in writing) from the date of such completion.

(f) Vendor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by Vendor or any assignee under this subcontract shall be paid by Vendor to Purchaser, to the extent that they are properly allocable to costs for which Vendor has been reimbursed by Purchaser under this subcontract. Reasonable expenses incurred by Vendor for the purpose of securing such refunds, rebates, credits, or other amounts, shall be allowable costs hereunder when approved by Purchaser. Prior to final payment under this subcontract, Vendor, and each assignee under this subcontract whose assignment is in effect at the time of final payment under this subcontract, shall execute and deliver:

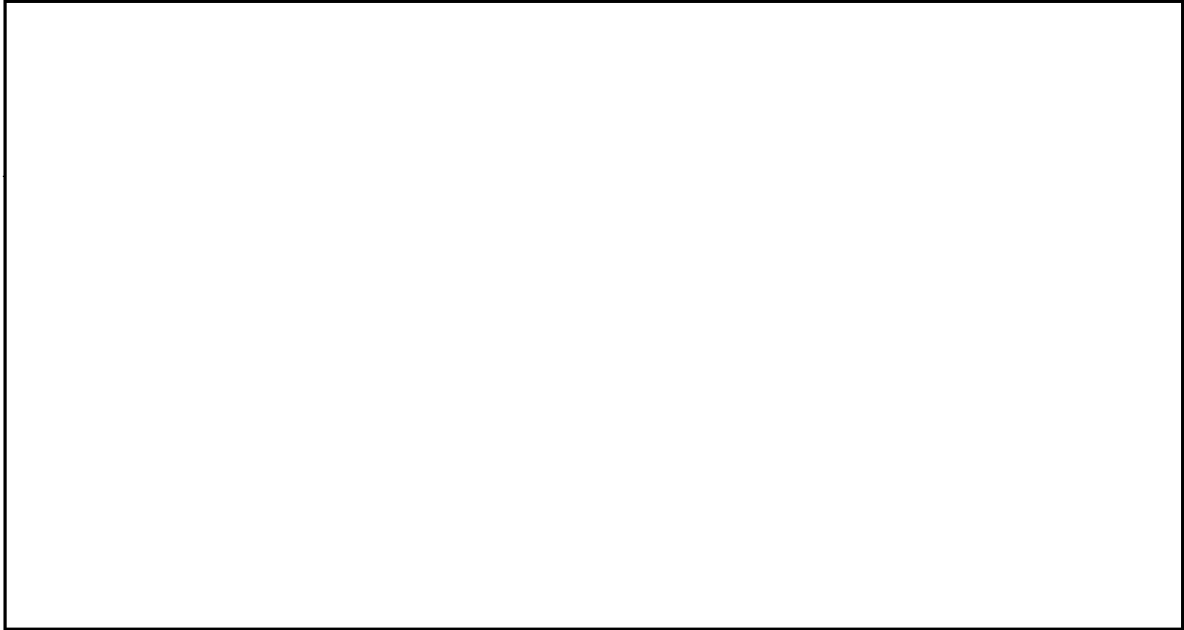
- (i) An assignment to Purchaser, in form and substance satisfactory to Purchaser, (Exhibit D), of refunds, rebates, credits, or other amounts (including any interest thereon) properly allocable to costs for which Vendor has been reimbursed by Purchaser under this subcontract; and

ARTICLE 4B - ALLOWABLE COST, INCENTIVE FEE AND PAYMENT (continued)

(11) a release (Exhibit C) discharging Purchaser, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this subcontract, subject only to the following exceptions -

(A) specified claims in stated amounts or in estimated amounts where the amounts are not susceptible to exact statement by Vendor;

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(8) Any cost incurred by Vendor under the terms of this subcontract which would constitute allowable cost under the provisions of this Article shall be included in determining the amount payable under this subcontract, notwithstanding any provisions contained in the specifications, or other documents incorporated in this subcontract by reference, designating services to be performed, or materials to be furnished by Vendor, at its expense or without cost to Purchaser.

(h) When the work under this subcontract (including any supplies or services which are ordered separately under, or otherwise added to, this subcontract) is increased or decreased by subcontract modification, appropriate adjustments in the target cost and target fee shall be set forth in an amendment to this subcontract.

ARTICLE 4B - ALLOWABLE COST, INCENTIVE FEE AND PAYMENT (continued)

(i) The fee payable hereunder shall be the target fee increased by \*(A) cents for every dollar by which the total allowable cost is less than the target cost or decreased by \*(B) cents for every dollar by which the total allowable cost exceeds the target cost. In no event shall the fee be greater than \*(C)%, nor less than \*(D)%, of the target cost; and within these limits such fee shall be subject to adjustment, by reason of increase or decrease of total allowable cost, on account of payments under the assignment required by paragraph (f) (1) above, and claims excepted from the release required by paragraph (f) (ii) above.

(j) Any reference in this subcontract to the Article entitled "Allowable Cost, Fixed Fee and Payment" shall be interpreted as a reference to this Article.

See Schedule

ARTICLE 5 - INTEREST

Notwithstanding any other provision of this subcontract, unless paid within thirty (30) days all amounts that become payable by the Subcontractor to the Purchaser under this subcontract (net of any applicable tax credit under the Internal Revenue Code) shall bear interest at the rate of six percent (6%) per annum from the date due until paid, and shall be subject to the adjustments as provided by Part 6 of Appendix II of the Armed Services Procurement Regulation, as in effect on the date of this subcontract. Amounts shall be due upon the earliest one of (i) the date fixed pursuant to this subcontract, (ii) the date of the first demand for payment, (iii) the date of a supplemental agreement fixing the amount, or (iv) if this subcontract provides for revision of prices, the date of written notice to the Subcontractor stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by subcontract supplement.

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ARTICLE 6 - INSPECTION AND CORRECTION OF DEFECTS (continued)

to reduce any fixed fee payable under this subcontract (or to require repayment of any fixed fee theretofore paid) in such amount as may be equitable under the circumstances; or (iii) may terminate this subcontract for default as provided in the Article of this subcontract entitled "Termination".

(d) Notwithstanding the provisions of paragraph (c) hereof, Purchaser may at any time require the Subcontractor to remedy by correction or replacement, without cost to Purchaser, any failure by the Subcontractor to comply with its obligations under paragraph (b) hereof, if such failure is due to fraud, lack of good faith, or willful misconduct on the part of any of the Subcontractor's directors or officers, or on the part of any of its managers, superintendents, or other equivalent representatives, who has supervision or direction of (i) all or substantially all of the Subcontractor's business; or (ii) all or substantially all of the Subcontractor's operations at any one plant or separate location in which this subcontract is being performed; or (iii) a separate and complete major industrial operation in connection with the performance of this subcontract. Fraud, lack of good faith or willful misconduct on the part of any of such supervisory personnel shall be deemed to include the selection of individual employees or the retention of employees after any of such supervisory personnel has reason to believe that such employees are habitually careless or otherwise unqualified.

(e) Corrected items tendered as replacements shall be subject to the provisions of this Article in the same manner and to the same extent as items originally delivered under this subcontract.

(f) The Subcontractor shall make its records of all inspection work available to Purchaser and the Government during the performance of this subcontract and for such longer period as may be specified in this subcontract.

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ARTICLE 8 - RECORDS

(a) The Subcontractor agrees to maintain books, records, documents and other evidence pertaining to the costs and expenses of this subcontract (hereinafter collectively called the "records") to the extent and in such detail as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which reimbursement is claimed under the provisions of this subcontract. The Subcontractor's accounting procedures and practices shall be subject to the approval of Purchaser and the Contracting Officer; provided, however, that no material change will be required to be made in the Subcontractor's accounting procedures and practices if they conform to generally accepted accounting practices and if the costs properly applicable to this subcontract are readily ascertainable therefrom.

(b) The Subcontractor agrees to make available at the office of the Subcontractor at all reasonable times during the period from the date of this subcontract to the expiration of the period set forth in subparagraph (d) below, any of the records for inspection, audit or reproduction by any authorized representative, the Department of Defense or the Comptroller General.

(c) In the event the Comptroller General or any of his duly authorized representatives determines that his audit of the amounts reimbursed under this subcontract as transportation charges will be made at a place other than the office of the Subcontractor, the Subcontractor agrees to deliver, with the reimbursement invoice covering such charges or as may be otherwise specified within two (2) years after reimbursement of charges covered by any such invoice, to such representative as may be designated for that purpose such documentary evidence in support of transportation costs as may be required by the Comptroller General or any of his duly authorized representatives.

(d) Except for documentary evidence delivery to the Government pursuant to subparagraph (c) above, the Subcontractor shall preserve and make available its records for a period of three (3) years (unless a longer period of time is provided by applicable statute) from the date of final payment to the Subcontractor for the completion of the work under the subcontract, or, in the event this subcontract has been completely terminated, from the date of the termination settlement agreement; provided, however, that records which relate to (A) appeals under the Article of this subcontract entitled "Disputes," (B) litigation or the settlement of claims arising out of the performance of this subcontract, or (C) costs or expenses of the subcontract as to which exception has been taken by the Comptroller General or any of his duly authorized representatives, shall be retained by the Subcontractor until such appeals, litigation, claims, or exceptions have been disposed of, but in no event for less than the three (3) year period mentioned above.

ARTICLE 8 - RECORDS (continued)

(e) Except for documentary evidence delivered pursuant to subparagraph (c) above, and the records described in the proviso of subparagraph (d) above, the Subcontractor may in fulfillment of its obligation to retain its records as required by this Article substitute photographs, microphotographs or other authentic reproductions of such records, after the expiration of two (2) years following the last day of the month of reimbursement to the Subcontractor of the invoice to which such records relate, unless a shorter period is authorized by the Contracting Officer with the concurrence of the Comptroller General or his duly authorized representative.

(f) The provisions of this Article, including this subparagraph (f) shall be applicable to and included in each subcontract hereunder which is on a cost, cost-plus-a-fixed-fee, time-and-material or labor-hour basis.

(g) The Subcontractor further agrees to include in each of his sub-subcontracts hereunder, other than those set forth in subparagraph (f) above, a provision to the effect that the sub-subcontractor agrees that the Comptroller General or the Department, or any of their duly authorized representatives, shall, until the expiration of three (3) years after final payment under the sub-subcontract, have access to and the right to examine any directly pertinent books, documents, papers, and records of such sub-subcontractor involving transactions related to the sub-subcontract. The "sub-subcontract" as used in this paragraph (g) only, excludes (i) purchase orders not exceeding two thousand five hundred dollars (\$2,500) and (ii) sub-subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

ARTICLE 9 - SUB-SUBCONTRACTS

(a) The Subcontractor shall give advance notification to Purchaser or any designated Contracting Officer of any proposed sub-subcontract hereunder which (i) is on a cost or cost-reimbursement basis, or (ii) is on a fixed-price basis exceeding in dollar amount Twenty-five thousand dollars (\$25,000), or five percent (5%) of the total estimated cost of this subcontract.

(b) The Subcontractor shall not, without the prior written consent of Purchaser and/or the designated Contracting Officer, place any sub-subcontract which (i) is on a cost or cost-reimbursement or price revision basis, or (ii) is on a fixed-price basis exceeding in dollar amount Twenty-five thousand dollars (\$25,000) or five percent (5%) of the total estimated cost of the subcontract, or (iii) provides for the fabrication, purchase, rental, installation or other acquisition of any item of industrial facilities, or of special tooling having a value in excess of One thousand dollars (\$1,000), or (iv) is on a time-and-material or labor-hour basis, or (v) involved research and development work, or (vi) is for engineering services. Purchaser or the designated Contracting Officer, may, in their discretion ratify in writing any such sub-subcontract; such action shall constitute the consent of Purchaser or the Contracting Officer, as the case may be, as required by this paragraph (b).

(c) The Subcontractor agrees that no sub-subcontract placed under this subcontract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(d) The Purchaser and/or the Contracting Officer may, in his discretion, specifically approve in writing any of the provisions of a sub-subcontract. However, such approval or the consent of the Purchaser and/or the Contracting Officer obtained as required by this Article shall not be construed to constitute a determination of the allowability of any cost under this subcontract, unless such approval specifically provides that it constitutes a determination of the allowability of such cost.

(e) The Subcontractor shall give Purchaser and the Contracting Officer immediate notice in writing of any action or suit filed, and prompt notice of any claim made against the Subcontractor by any sub-subcontractor or vendor which, in the opinion of the Subcontractor, may result in litigation, related in any way to this subcontract with respect to which the Subcontractor may be entitled to reimbursement from Purchaser.

(f) The Contracting Officer may approve all or any part of the Subcontractor's purchasing system and from time to time rescind or reinstate such approval. Such approval shall be deemed to fulfill the requirement under paragraph (b) above for obtaining Purchaser's or the Contracting Officer's, as the case may be, consent to sub-subcontracts of the type described in paragraph (b) above.

(g) The Subcontractor shall (i) insert in each price redetermination or incentive price revision - subcontract hereunder the substance of the "limitation of payments" provision set forth in paragraph (j) of ASPR 7-402.8 the clause prescribed by Paragraph 7-103 of the Armed Services Regulation, included in paragraph (4) thereof,

APPENDIX 9 - SUB-SUBCONTRACTS (continued)

modified to omit mention of the Government and reflect the position of the sub-contractor as vendor, and to omit that portion of sub-paragraph (3) thereof relating to tax credits, and (ii) include in each cost reimbursement type sub-contract hereunder a requirement that each price redetermination and incentive price revision subcontract thereunder will contain the substance of the "limitation and payments" provision, including sub-paragraph (4) thereof, modified as outlined in (i) above.

ARTICLE 10 - UTILIZATION OF SMALL BUSINESS CONCERNS

ASPR 1-707.3(a) applies if this subcontract exceeds \$5,000.00

ASPR 1-707.3(b) applies if this subcontract exceeds \$500,000.00

ARTICLE 11 - TERMINATION

(a) The performance of work under this subcontract may be terminated by Purchaser in accordance with this Article in whole, or from time to time in part, (1) whenever the Subcontractor shall default in performance of this subcontract in accordance with its terms (including the term "default" any such failure by the Subcontractor to make progress in the prosecution of the work hereunder as endangers such performance), and shall fail to cure such default within a period of ten (10) days (or such longer periods as Purchaser may allow) after receipt from Purchaser of a notice specifying the default, or (2) whenever for any reason Purchaser shall determine that such termination is in the best interests of Purchaser. Any such termination shall be effected by delivery to the Subcontractor of a Notice of Termination specifying whether termination is for the default of the Subcontractor or for the convenience of Purchaser, the extent to which performance of work under the subcontract is terminated, and the date upon which such termination becomes effective. If, after notice of termination of this subcontract for default under (1) above, it is determined that the Subcontractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Subcontractor pursuant to the provisions of the Article of this subcontract relating to excusable delays, the Notice of Termination shall be deemed to have been issued under (2) above, and the rights and obligations of the parties hereto shall in such event be governed accordingly.

(b) After receipt of a Notice of Termination and except as otherwise directed by Purchaser, the Subcontractor shall (1) stop work under the subcontract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the subcontract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to Purchaser or the Government, in the manner and to the extent directed by Purchaser, all of the right, title and interest of the Subcontractor under the orders or subcontracts so terminated, in which case Purchaser or the Government shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts; (5) with the approval or ratification of Purchaser, to the extent it may require, which approval or ratification shall be final and conclusive for all purposes of this Article, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable in whole or in part, in accordance with the provisions of this subcontract; (6) transfer title (to the extent that title has not already been transferred) and, in the manner, to the extent, and at the times directed by Purchaser, deliver to Purchaser or the Government (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other materials produced as a part of, or acquired in respect of the performance of,

ARTICLE 11 - TERMINATION (continued)

the work terminated by the Notice of Termination, (ii) the completed or partially completed plans, drawings, information, and other property which, if the subcontract had been completed, would be required to be furnished to Purchaser, and (iii) the jigs, dies, and fixtures, and other special tools and tooling acquired or manufactured for the performance of this subcontract for the cost of which the Subcontractor has been or will be reimbursed under this subcontract; (7) use its best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by Purchaser, any property of the types referred to in provision (6) of this paragraph, provided, however, that the Subcontractor (i) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by Purchaser; and provided further that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by Purchaser to the Subcontractor under this subcontract or shall otherwise be credited to the price or cost of the work covered by this subcontract or paid in such other manner as Purchaser may direct; (8) complete performance of such part of the work as shall have not been terminated by the Notice of Termination, and (9) take such action as may be necessary, or as Purchaser may direct, for the protection and preservation of the property related to this subcontract which is in the possession of the Subcontractor in which Purchaser or the Government has or may acquire an interest. The Subcontractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of the fixed-fee, or any item of reimbursable cost, under this Article. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Subcontractor may submit to Purchaser a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by Purchaser, and may request Purchaser to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, Purchaser or the Government will accept title to such items and remove them or enter into a storage agreement covering the same, provided that the list submitted shall be subject to verification by Purchaser upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) After receipt of a Notice of Termination, the Subcontractor shall submit to Purchaser its termination claim in the form and with the certification prescribed by Purchaser and applicable regulations relating to termination. Such claim shall be submitted promptly but in no event later than two (2) months from the effective date of termination, unless one or more extensions in writing are granted by Purchaser upon request of the Subcontractor made in writing

ARTICLE 11 - TERMINATION (continued)

within such two-month period or authorized extension thereof. However, if Purchaser determines that the facts justify such action, it may receive and act upon any such termination claim at any time after such five-month period or any extension thereof. Upon failure of the Subcontractor to submit its termination claim within the time allowed, Purchaser may determine, on the basis of information available to it, the amount, if any, due to the Subcontractor by reason of the termination and such determination shall be final. After Purchaser has made a determination under this paragraph, it shall pay to the Subcontractor the amount so determined.

(d) Subject to the provisions of paragraph (c), the Subcontractor and Purchaser may agree upon the whole or any part of the amount or amounts to be paid (including an allowance for the fixed-fee) to the Subcontractor by reason of the total or partial termination of work pursuant to this Article. The subcontract shall be amended accordingly, and the Subcontractor shall be paid the agreed amount.

(e) In the event of the failure of the Subcontractor and Purchaser to agree in whole or in part, as provided in paragraph (d) above, as to the amounts with respect to costs and fixed-fee, or as to the amount of the fixed-fee, to be paid to the Subcontractor in connection with the termination of work pursuant to this Article, Purchaser shall pay the Subcontractor an amount determined as follows:

(1) If the settlement includes cost and fixed-fee,

(i) There shall be included therein all costs and expenses reimbursable in accordance with this subcontract, not previously paid to the Subcontractor for the performance of this subcontract prior to the effective date of the Notice of Termination, and such of these costs as may continue for a reasonable time thereafter with the approval of or as directed by Purchaser, provided, however, that the Subcontractor shall proceed as rapidly as practicable to discontinue such costs.

(ii) There shall be included therein so far as not included under (i) above, the cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph (b) (5) above, which are properly chargeable to the terminated portion of the subcontract.

(iii) There shall be included therein the reasonable costs of settlement including accounting, legal, clerical and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the subcontract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation and



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ARTICLE - TERMINATION (continued)

(h) Purchaser may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Subcontractor in connection with the terminated portion of the sub contract whenever in the opinion of Purchaser the aggregate of such payments shall be within the amount to which the Subcontractor will be entitled hereunder. If the total of such payments is in excess of the amount finally determined to be due under this article, such excess shall be payable by the Subcontractor to Purchaser upon demand; together with interest computed at the rate of six percent (6%) per annum, for the period from the date such excess payment is received by the Subcontractor to the date on which such excess is repaid to Purchaser; provided, however, that no interest shall be charged with respect to any such excess payment attributable to a reduction in the Subcontractor's claim by reason of retention or other disposition of termination inventory until ten (10) days after the date of such retention or disposition.

ARTICLE 12 - EXCUSABLE DELAYS

(a) The Subcontractor shall not be in default by reason of any failure in performance of this subcontract in accordance with its terms (including any failure by the Subcontractor to make progress in the prosecution of the work hereunder which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of the Subcontractor. Such causes include, but are not restricted to: acts of God or of the public enemy; acts of the Government; fires, floods; epidemics; quarantine restrictions; strikes, freight embargoes; unusually severe weather; and failure of Sub-subcontractors to perform or make progress due to such causes, unless the Purchaser shall have determined that the supplies or services to be furnished under the sub-subcontract were obtainable from other sources and shall have ordered the Subcontractor in writing to procure such services or supplies from such other sources, and the Subcontractor shall have failed reasonably to comply with such order. Upon request of the Subcontractor or the Purchaser, the Contracting Officer (or in the event of his refusal to act, the Purchaser) shall ascertain the facts and extent of such failure and, if he shall determine that such failure was occasioned by any one or more of the said causes, the delivery schedule shall be revised accordingly, subject to the rights of the Purchaser under the Article hereof entitled "Termination".

(b) If the Subcontractor becomes unable to complete the subcontract work and make delivery at the time specified in the Schedule because of technical difficulties notwithstanding the exercise of good faith and diligent efforts in the performance of the work called for hereunder, it shall give the Purchaser written notice of the anticipated default with reasons therefor. Such notice and reasons shall be delivered not less than forty-five (45) days before the completion date specified in the Schedule or within such time as the Purchaser deems sufficient. If such notice is duly given, then to the extent the interest of the Purchaser and the Government makes an extension desirable, the Purchaser may in its discretion, extend the period of time specified in the Schedule for such period as it deems advisable, and this subcontract shall then be modified in writing accordingly.

ARTICLE 13 - DISPUTES

Notwithstanding any provision herein to the contrary, if a decision concerning a question of fact arising between the Purchaser and the Government be made by the Contracting Officer pursuant to the Purchaser's prime contract, such decision, if binding upon the Purchaser, shall in turn be binding upon the Subcontractor. Any other dispute which is not disposed of by agreement shall be settled by the parties in appropriate legal proceedings.

ARTICLE 14 - BUY AMERICAN ACT

(a) In acquiring end products, the Buy American Act (41 U. S. Code 10 a-d) provides that the Government give preference to domestic source end products. For the purpose of this Article:

- (i) "components" means those articles, materials, and supplies, which are directly incorporated in the end products;
- (ii) "end products" means those articles, materials, and supplies, which are to be acquired under this subcontract for public use; and
- (iii) a "domestic source end product" means (A) an unmanufactured end product which has been mined or produced in the United States and (B) an end product manufactured in the United States if the cost of the components thereof which are mined, produced, or manufactured in the United States or Canada exceeds fifty percent (50%) of the cost of all its components. For the purpose of this (a) (iii) (B), components of foreign origin of the same type or kind as the products referred to in (b) (ii) or (iii) of this Article shall be treated as components mined, produced, or manufactured in the United States.

(b) The Subcontractor agrees that there will be delivered under this subcontract only domestic source end products, except end products:

- (i) which are for use outside the United States;
- (ii) which the Government determines are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality;
- (iii) as to which the Secretary determines the domestic preference to be inconsistent with the public interest; or
- (iv) as to which the Secretary determines the cost to the Government to be unreasonable.

ARTICLE 15 - CONVICT LABOR

In connection with the performance of work under this subcontract, the Subcontractor agrees not to employ any person undergoing sentence of imprisonment at hard labor.

ARTICLE 16 - EIGHT-HOUR LAW OF 1912 - OVERTIME COMPENSATION

This subcontract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324-326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35-45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this subcontract, in the employ of the Subcontractor or any sub-subcontractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this Article. The wages of every laborer and mechanic employed by the Subcontractor or any sub-subcontractor engaged in the performance of this subcontract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this Article, a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this Article, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 17 - WALSH-HEALEY PUBLIC CONTRACTS ACT

If this subcontract is for the manufacture or furnishing of materials, supplies, articles, or equipment in an amount which exceeds or may exceed Ten thousand dollars (\$10,000) and is otherwise subject to the Walsh-Healey Public Contracts Act, as amended (41 U. S. Code 35-45), there are hereby incorporated by reference all representations and stipulations required by said Act and regulations issued thereunder by the Secretary of Labor, such representations and stipulations being subject to all applicable rulings and interpretations of the Secretary of Labor which are now or may hereafter be in effect.



ARTICLE 18 - NONDISCRIMINATION IN EMPLOYMENT

In connection with the performance of work under this subcontract, the Subcontractor agrees as follows:

(a) The Subcontractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Subcontractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Subcontractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination Article.

(b) The Subcontractor will, in all solicitations or advertisements for employees placed by or on behalf of the Subcontractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Subcontractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the said labor union or workers' representative of the Subcontractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Subcontractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

(e) The Subcontractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Subcontractor's non-compliance with the nondiscrimination Articles of this subcontract or with any of the said rules, regulations, or orders, this subcontract may be cancelled in whole or in part and the Subcontractor may be declared ineligible for further Government contracts in accordance with procedures

ARTICLE 16 - NONDISCRIMINATION IN EMPLOYMENT (continued)

authorized in Executive Order No. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

(c) The Subcontractor will include the provisions of the foregoing paragraphs (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to Section 303 of Executive Order No. 10925 of March 6, 1961, so that such provisions will be binding upon each subcontractor or vendor. The Subcontractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for non-compliance; Provided, however, that in the event the Subcontractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Subcontractor may request the United States to enter into such litigation to protect the interests of the United States.

ARTICLE 19 - NOTICE TO THE PURCHASER OF LABOR DISPUTES

(a) Whenever the Subcontractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this subcontract, the Subcontractor shall immediately give notice thereof, including all relevant information with respect thereto, to the Purchaser.

(b) The Subcontractor agrees to insert the substance of this Article, including this paragraph (b), in any sub-subcontract hereunder as to which a labor dispute may delay the timely performance of this subcontract; except that each such sub-subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the sub-subcontractor shall immediately notify its next higher tier subcontractor, or the prime contractor, as the case may be, of all relevant information with respect to such dispute.

ARTICLE 20 - GOVERNMENT PROPERTY

(a) The Government, or the Purchaser acting pursuant to authorization of the Government, shall deliver to the Subcontractor, for use in connection with and under the terms of this subcontract, the property described in the Schedule or specifications, together with such related data and information as the Subcontractor may request and as may reasonably be required for the intended use of such property (hereinafter referred to as "Government-furnished Property"). The delivery or performance dates for the supplies or services to be furnished by the Subcontractor under this subcontract are based upon the expectation that Government-furnished property suitable for use will be delivered to the Subcontractor on the times stated in the Schedule or, if not so stated, in sufficient time to enable the Subcontractor to meet such delivery or performance dates. In the event that Government-furnished property is not delivered to the Subcontractor by such time or times, the Purchaser shall, upon timely written request made by the Subcontractor, make a determination of the delay occasioned the Subcontractor and shall equitably adjust the estimated cost, fixed fee, or delivery or performance dates, or all of them, and any other contractual provisions affected by such delay, in accordance with the procedures provided for in the Article of this subcontract entitled "Changes". In the event that Government-furnished property is received by the Subcontractor in a condition not suitable for the intended use, the Subcontractor shall, upon receipt thereof, notify the Purchaser of such fact and, as directed by the Purchaser, either (1) return such property at the Purchaser's expense or otherwise dispose of the property, or (2) effect repairs or modifications. Upon completion of (1) or (2) above, the Purchaser, upon written request of the Subcontractor, shall equitably adjust the estimated cost, fixed fee, or delivery or performance dates, or all of them, and any other contractual provisions affected by the return or disposition, or the repair or modification, in accordance with the procedures provided for in the Article of this subcontract entitled "Changes". The foregoing provisions for adjustment are exclusive, and neither the Purchaser nor the Government shall be liable to suit for breach of contract by reason of any delay in delivery of Government-furnished property, or delivery of such property in a condition not suitable for its intended use.

(b) Title of all property furnished by the Government, or the Purchaser acting pursuant to authorization of the Government, shall remain in the Government. Title to all property purchased by the Subcontractor, for the cost of which the Subcontractor is entitled to be reimbursed as a direct item of cost under this subcontract, shall pass to and vest in the Government upon delivery of such property by the vendor. Title to other property, the cost of which is reimbursable to the Subcontractor under this subcontract, shall pass to and vest in the Government upon (1) issuance for use of such property in the performance of this subcontract, or (2) commencement of processing or use of such property in the performance of this subcontract, or (3) reimbursement of the cost thereof by the Government or the Purchaser acting on behalf of the Government, whichever first occurs. All Government-furnished property, together with all property acquired by the Subcontractor,

ARTICLE 21 - GOVERNMENT PROPERTY (continued)

title to which vests in the Government under this paragraph, are subject to the provisions of this Article and are hereinafter collectively referred to as "Government property".

(d) The Government property provided or furnished pursuant to the terms of this subcontract shall, unless otherwise provided herein, be used only for the performance of this subcontract.

(e) The Subcontractor shall maintain and administer in accordance with sound industrial practice, a program for the maintenance, repair, protection and preservation of Government property so as to assure its full availability and usefulness for the performance of this subcontract. The Subcontractor shall take all reasonable steps to comply with all appropriate directions or instructions which the Contracting Officer or the Purchaser may prescribe as reasonably necessary for the protection of Government property.

(f) (1) Subject to prior written approval of the Contracting Officer the Subcontractor shall not be liable for any loss of or damage to the Government property, or for expenses incidental to such loss or damage, except that the Subcontractor shall be responsible for any such loss or damage (including expenses incidental thereto).

(A) Which results from willful misconduct or lack of good faith on the part of any of the Subcontractor's directors or officers, or on the part of any of its managers or other equivalent representatives who has supervision or direction of (i) All or substantially all of the Subcontractor's business, or (ii) All or substantially all of the Subcontractor's operations at any one plant or separate location in which this subcontract is being performed, or (iii) A separate and complete major industrial operation in connection with the performance of this subcontract; or

(B) Which results from a failure on the part of the Subcontractor due to the willful misconduct or lack of good faith on the part of any of its directors, officers, or other representatives mentioned in paragraph (A) above, (i) To maintain and administer, in accordance with sound industrial practice, the

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ARTICLE 20 - GOVERNMENT PROPERTY (continued)

Purchaser, inventory schedules covering all items of the Government property not consumed in the performance of this subcontract (including any resulting scrap), or not theretofore delivered to the Purchaser or the Government, and shall deliver or make such other disposal of the Government property as may be directed by the Purchaser or the Government. Recoverable scrap shall be reported in accordance with a procedure and in such form as the Contracting Officer may direct. The net proceeds of any such disposal approved by the Purchaser or the Contracting Officer shall be credited to the cost of the work covered by this subcontract or shall be paid in such manner as the Purchaser or the Contracting Officer may direct.

(j) Unless otherwise provided herein, neither the Government nor the Purchaser shall be under any duty of obligation to restore or rehabilitate, or to pay the costs of the restoration or rehabilitation of the Subcontractor's plant or any portion thereof which is affected by the removal of any Government property.

(k) Directions of the Purchaser or the Government and communications of the Subcontractor issued pursuant to this Article shall be in writing.

(l) In the event that the Contracting Officer fails to grant prior written approval providing for relief of the Subcontractor from liability for loss or damage to the Government property in accordance with the provisions of this Article, the Subcontractor shall return all Government property in as good condition as when received, except for reasonable wear and tear, or shall utilize such property in accordance with the provisions of this subcontract.

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ARTICLE 22 - OFFICIALS NOT TO BENEFIT

No member or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this subcontract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this subcontract if made with a corporation for its general benefit.

ARTICLE 22 - COVENANT AGAINST GOVERNMENT FUNDS

The Subcontractor warrants that no person or selling agency has been employed or retained to solicit or secure this subcontract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Subcontractor for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this subcontract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

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ARTICLE 24 - GRATUITIES

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(b) In the event this subcontract is terminated as provided in paragraph (a) hereof, the Purchaser shall be entitled (i) to pursue the same remedies against the Subcontractor as it could pursue in the event of a breach of the Subcontract by the Subcontractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Subcontractor in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Purchaser provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this subcontract.

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ARTICLE 26 - MILITARY SECURITY REQUIREMENTS

(a) The provisions of this Article shall apply to the extent that this subcontract involves access to information classified "Confidential" including "Confidential - Modified Handling Authorized" or higher.

The Government shall notify the Subcontractor of the security classification of this subcontract and the elements thereof, and of any subsequent revisions in such security classification, by the use of a Security Requirements Check List (DD Form 234), *or other WRITTEN* notification.

(c) To the extent the Government has indicated as of the date of this subcontract or thereafter indicates security classification under this subcontract as provided in paragraph (b) above, the Subcontractor shall safeguard all classified elements of this subcontract and shall provide and maintain a system of security controls within its own organization in accordance with the requirements of:

- (i) the Security Agreement (DD Form 433), including the Department of Defense Industrial Security Manual for Safeguarding Classified Information as in effect on the date of this subcontract, and any modification to the Security Agreement for the purpose of adapting the Manual to the Subcontractor's business; and
- (ii) any amendments of said Manual made after the date of this subcontract, notice of which has been furnished to the Subcontractor by the Security Office of the Military Department having security cognizance over the facility.

(d) Representatives of the Military Department having security cognizance over the facility and representatives of the contracting Military Department shall have the right to inspect at reasonable intervals the procedures, methods, and facilities utilized by the Subcontractor in complying with the security requirements under this subcontract. Should the Government, through these representatives, determine that the Subcontractor is not complying with the security requirements of this subcontract, the Subcontractor shall be informed in writing by the Security Office of the cognizant Military Department of the proper action to be taken in order to effect compliance with such requirements.

(e) If, subsequent to the date of this subcontract, the security classifications or security requirements under this subcontract are changed by the Government as provided in this Article, and if such change causes an increase or decrease in the estimated cost of performance of this subcontract, the estimated cost and fixed fee shall, to the extent appropriate, be subject to an equitable adjustment. Any such equitable adjustment shall be accomplished in the manner set forth in the "Changes" Article in this subcontract.

ARTICLE 26 - MILITARY SECURITY REQUIREMENTS (continued)

(f) The Subcontractor agrees to insert, in all sub-subcontracts hereunder which involve access to classified information, provisions which shall conform substantially to the language of this Article, including this paragraph (f) but excluding paragraph (e) of this Article. The Subcontractor may insert in any such sub-subcontract, and any such sub-subcontract entered into thereunder may contain, in lieu of paragraph (e) of this Article, provisions which permit equitable adjustments to be made in the sub-subcontract price or in the estimated cost and fixed fee of the sub-subcontract (as appropriate to the type of subcontract involved) on account of changes in security classifications or requirements made under the provisions of this Article subsequent to the date of the sub-subcontract involved.

(g) The Subcontractor also agrees that it shall determine that any sub-subcontractor proposed by it for the furnishing of supplies and services which will involve access to classified information in the Subcontractor's custody has been granted an appropriate facility security clearance, which is still in effect, prior to being accorded access to such classified information.

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ARTICLE 28 - NOTICE AND ASSISTANCE REGARDING PATENT INFRINGEMENT

The provisions of this Article shall be applicable only if the amount of this subcontract exceeds ten thousand dollars (\$10,000).

(a) The Subcontractor shall report to the Contractor and the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent infringement based on the performance of this subcontract of which the Subcontractor has knowledge.

Such evidence and information shall be furnished at the expense of the Government except in those cases in which the Subcontractor has agreed to indemnify the Government against the claim being asserted.



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ARTICLE 31 - COST FOR OVERTIME AND SHIFT PREMIUMS

(a) Allowable Cost shall not include any amount on account of overtime premiums or shift premiums, except to the extent that they either (i) have been approved in writing (ii) are paid for work: (A) necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature; (B) by indirect labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting; (C) in the performance of tests, industrial processes, laboratory procedures, loading or unloading of transportation media, and operations in flight or afloat, which are continuous in nature and cannot reasonably be interrupted or otherwise completed; or (D) which will result in lower overall cost to the Government.

(b) The cost of overtime premiums or shift premiums otherwise allowable under (a) above shall be allowed only to the extent the amount thereof is reasonable and properly allocable to the work under this subcontract.

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ARTICLE 26 - SUBJECT DATA

(a) The term "Subject Data" as used herein includes writings, sound recordings, pictorial reproductions, drawings or other graphical representations, and works of any similar nature (whether or not copyrighted) which are specified to be delivered under this subcontract. The term does not include financial reports, cost analyses, and other information incidental to contract administration.

(b) The Subcontractor agrees to and does hereby grant to the Government, and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, nonexclusive and irrevocable license throughout the world for Government purposes to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others so to do, all Subject Data now or hereafter covered by copyright; provided that with respect to the Subject Data now or hereafter covered by copyright and not originated in the performance of this subcontract, such license shall be only to the extent that the Subcontractor, its employees, or any individual or concern specifically employed or assigned by the Subcontractor to originate and prepare such Data under this subcontract, now has, or prior to completion or final settlement of this subcontract may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.

(c) The Subcontractor shall exert all reasonable effort to advise the Contracting Officer, at the time of delivery of the Subject Data furnished under this subcontract, (1) of all invasions of the right of privacy contained therein and (2) of all portions of such Data copied from work not composed or produced in the performance of this subcontract and not licensed under this Article.

(d) Subject to the proviso of (b) above, and unless otherwise limited below, the Government may duplicate, use, and disclose in any manner and for any purpose whatsoever, and have others so do, all Subject Data delivered under this subcontract.

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ARTICLE 36 - RIGHTS IN DATA (continued)

(f) Any knowledge or information, which the Subcontractor shall have disclosed or may hereafter disclose to the Purchaser in connection with the purchase or the goods or services covered by this subcontract, shall not, unless otherwise specifically agreed upon in writing by the Purchaser, be deemed to be confidential or proprietary information, and shall be acquired, free from any restrictions (other than a claim for patent infringement) as part of the consideration for this subcontract.

ARTICLE 37 - SUPERSEDING SPECIFICATIONS

All references in any specification of the Purchaser or the Government incorporated herein to other specifications of the Purchaser or the Government shall be deemed to include all specifications supplementary to or superseding the specifications so referred to, to the extent that such supplementary or superseding specifications are in effect at the date of this subcontract.

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ARTICLE 38 - FAIR LABOR STANDARDS ACT

In accepting this order, Subcontractor shall be deemed to represent that the goods to be furnished hereunder were or will be produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, and unless otherwise agreed in writing, Subcontractor shall insert a certificate on all invoices submitted in connection with this order stating that the goods covered by the invoice were produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, including Section 12 (a).



ARTICLE 39 - FOR WORK ON PURCHASER'S OR GOVERNMENT'S PREMISES

If Subcontractor's work under this subcontract involves operations by Subcontractor on the premises of Purchaser or the Government, Subcontractor shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of such work and except to the extent that any such injury is due solely and directly to Purchaser's or the Government's negligence, as the case may be, shall indemnify Purchaser against all loss which may result in any way from any act or omission of the Subcontractor, its agents, employees, or sub-subcontractors, and Subcontractor shall maintain such Public Liability, Property Damage and Employer's Liability and Compensation Insurance as will protect Purchaser from said risks and from any claims under any applicable Workmen's Compensation and Occupational Disease Acts.

ARTICLE 40 - NON-WAIVER

The failure of the Purchaser or the Government to enforce at any time or for any period of time any of the provisions hereof shall not be construed to be a waiver of such provisions nor of the right of the Purchaser or the Government to enforce each and every provision.

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~~ARTICLE 41 - LAW GOVERNING~~

~~This subcontract shall be interpreted under the laws of the State of New York.~~

DELETE

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ARTICLE 42 - USE OF GOVERNMENT OWNED FACILITIES OR SPECIAL TOOLING

The subcontractor shall not use in the performance of this subcontract, any facilities or special tooling heretofore acquired by the subcontractor or subcontractors under Government contracts, unless such use is authorized by special provisions to this subcontract.

ARTICLE 43 - STOP WORK ORDER

ASPR 7-203.7 applies.

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ARTICLE 44 - RETURN OF DRAWINGS, SPECIFICATIONS, AND DATA

Upon completion of work by the Seller under this order, the Seller shall promptly return to the Purchaser all drawings, specifications, and other data or papers furnished by the Purchaser in connection herewith, together with all copies or reprints then in the Seller's possession or control, and the Seller shall thereafter make no further use either directly or indirectly of such drawings, specifications, data or papers or of any information derived therefrom, without the Purchaser's prior written consent.

ARTICLE 45-AUDIT AND RECORDS

- (a) The Subcontractor shall maintain books, records, documents, and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this contract. The foregoing constitute "records" for the purposes of this clause.
- (b) The Subcontractor's plants, or such part thereof as may be engaged in the performance of this contract, and his records shall be subject at all reasonable times to inspection and audit by the Contracting Officer or his authorized representative.
- (c) The Subcontractor shall preserve and make available his records (i) until the expiration of three years from the date of final payment under this contract, and (ii) for such longer period, if any, as is required by applicable statute, or by other clauses of this contract, or by (A) or (B) below.
  - (A) If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.
  - (B) Records which relate to (i) appeals under the "Disputes" clause of this contract or (ii) litigation or the settlement of claims arising out of the performance of this contract, shall be retained until such appeals, litigation or claims have been disposed of.
- (d) (1) The Subcontractor shall insert the substance of this clause, including the whole of this paragraph (d), in each subcontract hereunder that is not on a firm fixed-price basis.  
  
(2) The Subcontractor shall insert the substance of the following clause in each firm fixed-price subcontract hereunder in excess of \$100,000, except those subcontracts covered by subparagraph (3) below.

AUDIT

- (a) For purposes of verifying that cost or pricing data submitted in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000 are accurate, complete, and current, the Contracting Officer, or his authorized representative, shall - until the expiration of three years from the

ARTICLE 45 - AUDIT AND RECORDS (continued)

date of final payment under this contract - have the right to examine those books, records, documents, and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Subcontractor as of the date of execution of the Subcontractor's Certificate of Current Cost or Pricing Data.

(b) The Subcontractor agrees to insert the substance of this clause, including this paragraph (b), in all subcontracts hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

(3) The Subcontractor shall insert the substance of the following clause in each firm fixed-price subcontract hereunder in excess of \$100,000 where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

AUDIT - PRICE ADJUSTMENTS

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000, unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public or prices set by law or regulation.

(b) For purposes of verifying that any cost or pricing data submitted in conjunction with a contract change or other modification involving an amount in excess of \$100,000 are adequate, complete, and current, the Contracting Officer, or his authorized representatives, shall - until the expiration of three years from the date of final payment under this contract - have the right to examine those books, records, documents and other supporting data which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, which were available to the Subcontractor as of the date of execution of the Subcontractor's Certificate of Current Cost or Pricing Data.

(c) The Subcontractor agrees to insert the substance of this clause, including this paragraph (c) in all subcontracts hereunder in excess



ARTICLE 45 - AUDIT AND RECORDS (continued)

of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

ARTICLE 46 - PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA

(a) If the Contracting Officer determines that any price, including profit or fee, negotiated, in connection with this contract or the prime contract was increased by any significant sums because the Seller, or any subcontractor in connection with a subcontract covered by (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as certified in the Seller's Certificate of Current Cost or Pricing Data, then such price shall be reduced accordingly and the contract shall be modified in writing to reflect such adjustment.

(b) Failure to agree on a reduction shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract. (If no such "Disputes" clause exists in this contract, the parties hereto shall be left to their remedies at law.)

(c) The Seller agrees to insert the substance of paragraphs (a) and (c) of this clause in each of his cost-reimbursement type, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder in excess of \$100,000 unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder which exceeds \$100,000, the Seller shall insert the substance of the following clause.

PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA - PRICE ADJUSTMENTS

(a) This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The right to price reduction under this clause shall be limited to such price adjustments.

(b) If the Seller determines that any price, including profit or fee, negotiated in connection with any price adjustment under this contract was increased by any significant sums because the subcontractor or any of his subcontractors in connection with a subcontract covered by paragraph (c) below, furnished incomplete or inaccurate cost or pricing data or data not current as of the date of execution of the subcontractor's certificate of current cost or pricing data, then such price shall be reduced accordingly and the subcontract shall be modified in writing to reflect such adjustment.

(c) The Subcontractor agrees to insert the substance of this clause in each subcontract hereunder which exceeds \$100,000.

ARTICLE 47 - SUBCONTRACTOR COST AND PRICING DATA

(a) The Seller shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of **ILLEGIB** any cost-reimbursement type, incentive, or price redeterminable subcontract;

(c) The Seller shall insert the substance of this clause, including this paragraph (c), in each subcontract hereunder which exceeds \$100,000, except where the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder in excess of \$100,000, the Seller shall insert the substance of the following clause:

SUBCONTRACTOR COST AND PRICING DATA - PRICE ADJUSTMENTS

(a) Paragraphs (b) and (c) of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The requirements of this clause shall be limited to such price adjustments.

(b) The Seller shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of any cost-reimbursement type, incentive, or price redeterminable subcontract; (ii) prior to award of any subcontract, the price of which is expected to exceed \$100,000 except where the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public or prices set by law or regulation; (iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000.

(c) The Seller shall require subcontractors to certify, in substantially the same form as that used in the Certificate by the Seller to the

ARTICLE 47 - SUBCONTRACTOR COST AND PRICING DATA (continued)

Purchaser, that to the best of their knowledge and belief the cost and pricing data submitted under (b) above is accurate, complete, and current as of the date of the execution, which date shall be as close as possible to the date of agreement on the negotiated price of the contract modification.

(d) The Seller shall insert the substance of this clause, including this paragraph (d), in each subcontract hereunder which exceeds \$100,000.